

Message Text

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17

ACTION EA-10

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TO SECSTATE WASHDC 3656

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, BEXP, CH

SUBJECT: MORE ON SPRING 1975 CANTON FAIR

REF: HONG KONG 4409

1. FOLLOWING IS UP-DATE OF CANTON FAIR ACTIVITY COVERING PERIOD THROUGH APRIL 27.

2. GENERAL BUSINESS - THE SITUATION REMAINS MUCH AS REPORTED REFTEL. ATTENDANCE PICKED UP A BIT IN THE SECOND WEEK, BUT THE PACE OF ACTIVITY CONTINUED SLOW. WALKING THROUGH FAIR DISCUSSION AREAS ON THREE SUCCESSIVE DAYS, A USLO OFFICER FOUND A FEW AREAS, NOTABLY CHEMICALS, HANDICRAFTS AND SOME PARTS OF NATIVE PRODUCE, REASONABLY BUSY. HOWEVER, ACTIVITY WAS ONLY LIGHT TO MODERATE IN LIGHT INDUSTRIAL PRODUCTS, TEXTILES AND FOODSTUFFS. THE MINERALS AND METALS AND MACHINERY SECTIONS WERE INACTIVE AND AT TIME LITERALLY DESERTED.

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3. WE ARE NOT CERTAIN HOW EXTENSIVE THE DECLINE IN

ATTENDANCE BY FOREIGN BUSINESSMEN HAS BEEN, BUT IT IS CLEAR THAT, ON THE AVERAGE, VISITORS ARE PAYING SHORTER CALLS AT THE FAIR, SINCE THERE IS LESS OVERALL BUSINESS TO BE DONE. THIS CONTRIBUTES TO THE EMPTY LOOK WHICH NOW CHARACTERIZES THE FAIR. WITH MOST PRC PRIOS FURTHER DOWN FROM THEIR 1974 LEVELS (ONE BUYER BOUGHT GREY GOODS AT 49 PERCENT LESS THAN ONE YEAR AGO), AND WITH FOREIGN DEMAND OFF, THE FAIR'S TOTAL TURNOVER THIS SPRING WILL INEVITABLY BE LOWER THAN AT EITHER OF THE TWO 1974 FAIRS.

4. AMERICANS - THE LEVEL OF US ATTENDANCE REMAINS ABOUT THE SAME AS AT THE TWO PREVIOUS FAIRS. OVER 120 AMERICAN COMPANIES HAD BEEN REPRESENTED IN CANTON BY APRIL 27, BUT US BUSINESS HAS BEEN SLOW. AT TODAY'S PRICES IT WILL REQUIRE A CONSIDERABLY GREATER TURNOVER, BY VOLUME, MERE TO EQUAL THE \$40 TO \$50 MILLION LEVEL OF TRANSACTIONS WHICH AMERICAN ACHIEVED LAST FALL. ABOUT HALF THE US ATTENDEES ARE IMPORTERS BUT MORE THAN 50 PERCENT OF THESE ARE NEWCOMERS WHO ARE NOT LIKELY TO PLACE SIGNIFICANT ORDERS. THE FINAL US BUSINESS TOTAL WILL AGAIN DEPEND ON TRANSACTIONS IN MAJOR COMMODITIES - TIN, ROSIN AND OTHER CHEMICAL AND MINERAL PRODUCTS - BY SOME OF THE LARGE AMERICAN FIRMS WHO ARE ALREADY EXPERIENCED IN CHINA TRADE.

5. THE MOST PROMISING US EXPORT POSSIBILITY DISCUSSED WITH USLO SO FAR IS THAT OF BAKER TRADING COMPANY'S JAY PACE. IN EARLY MAY PACE WILL FLY FROM CANTON TO PEKING AND BE JOINED BY REPRESENTATIVES OF TWO OTHER US FIRMS FOR TECHNICAL AND CONTRACT NEGOTIATIONS WITH TECHIMPORT ON THE SALE OF OIL EQUIPMENT. PACE BELIEVES THE TALKS WILL RESULT IN A SALE CONSIDERABLY LARGER THAN THE \$6 MILLION IN PREVIOUS ORDERS WHICH HE HAS BOOKED WITH THE PRC.

5. IN ADDITION TO COMPANIES MENTIONED REFTEL, US FIRMS REPRESENTED AT THE FAIR INCLUDE: CLARK; S.D. WARREN DIVISION OF SCOTT PAPER; THE MARMON GROUP; ALLIED CHEMICAL; SCHERING; CARGILL; ABBOT LABORATORIES; C. ITOH (AMERICA) INC; TRW REDA PUMP DIVISION; HYDRIL; STAUFFER CHEMICAL; MONSANTO; G.T.E. SYLVANIA; FULLER O'BRIEN; ASSOCIATED LIMITED OFFICIAL USE

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METALS AND MINERALS; AND KOCH INTERNATIONAL. AMONG FIRMS WHICH ARE EXPECTED LATER IN CANTON ARE GENERAL MOTORS, HERCULES AND AMERICAN EXPRESS.

6. PARA 4 ABOVE CONTAINS SENSITIVE COMMERCIAL INFORMATION NOT TO BE DISCUSSED OUTSIDE USG. BUSH

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